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THE RISE OF FASCISM IN JAPAN

by

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with the aid of the Research Staff of the Foreign Policy Association

THE rapid growth of a Fascist movement¹ in Japan since September 18, 1931, has effected a metamorphosis in the Japanese political scene. The rise of Fascism to a position of commanding influence, particularly over Japanese foreign policy, contrasts markedly with the substantial gains that party government had made in Japan since 1918.² Within the short space of a year, Japan has turned its back on a decade of political development notable for its emphasis on parliamentary democracy and liberal internationalism, and has set out on a path leading toward Fascist dictatorship and territorial aggrandizement.³

On September 18, 1931, the liberal Minseito government led by Baron Wakatsuki, representing an enlightened capitalist rule, was still firmly entrenched in power, with a substantial majority in the lower house of the Diet. Since that time two changes of government have occurred, each accompanied by assassination and each moving definitely to the right. At the general election held on February 20, 1932, the Seiyukai party, which had taken over the reins of government on December 13, 1931, secured control of the Diet. Although General Sadao Araki, aggressive leader of the Japanese chauvinists, took over the War Ministry in the Seiyukai government, the principle of a single-party cabinet, which had become customary since 1924, was preserved. On May 22, however, a week after the assassination of Tsuyoshi Inukai, the Seiyukai premier, a super-party cabinet headed by Viscount Saito came into power. General Sadao Araki retained his office as Minister of War, and the Seiyukai and Minseito parties were forced to content themselves with a minority of the cabinet posts, the majority of which went to non-

party men. Despite Seiyukai and Minseito participation in the Saito cabinet, guaranteeing the new premier parliamentary support under the guise of a coalition, the appointment of this ministry represented a return to the days of non-party rule in Japan. Indications were not wanting, moreover, that the liberal sympathies and immense prestige of Prince Saionji, last surviving Elder Statesman, had alone sufficed to avert the establishment of an undisguised military or Fascist régime.

Such drastic governmental changes in the course of a brief eight months reflected equally profound shifts in the balance of political sentiments and forces within Japan. Independent action by the Japanese military in Manchuria ushered in the period, the outstanding characteristic of which has been a resurgence of Japan's traditional expansionist militarism. Leaders of this movement have deeply influenced public opinion by their emphasis on the need for a return to the old virtues of loyalty and self-sacrifice in order to bring about a "second restoration" in Japan. The popularity of this appeal has been reinforced by denunciations of the prevalent political corruption, attributed to the intimate relations between the parties and "big business," which had long been giving rise to an increasing measure of public cynicism with regard to the country's parliamentary institutions. Terrorists therefore singled out for attack not only prominent

bureaucracy favored by Yamagata, embodying the tradition of responsibility for the Emperor's prestige and the nation's welfare, was soon challenged by the "constitutionalists" led by Itagaki and Okuma, who advocated the introduction of cabinet government and the creation of political parties. This conflict resulted in the compromise constitution of 1889, drafted by Prince Ito. By ensuring the freedom of the army and navy from civilian political influence, the constitution laid down the lines of dominant political conflict within Japan for the next forty years. For two decades, the great protagonists were Prince Yamagata and Prince Ito. Prince Yamagata established the classic policy of the militarists by forcing two foreign wars—with China in 1894, and with Russia ten years later—thus disrupting the democratic opposition in Japan. Parliamentary government was still unrealized in 1909, when Prince Ito, who stood in the way of the annexation of Korea, was mistakenly assassinated by a Korean fanatic. His protégé, Prince Saionji, now took up the struggle. The Twenty-one Demands (1915), the Siberian invasion (1918-1922), and the Tanaka intervention (1928-1929) represented varying phases of the Yamagata policy. Prince Yamagata died in 1922. Beginning with 1918 Prince Saionji had ushered in a decade of responsible cabinet government, culminating in the Minseito régime of 1929-1931. The Manchurian hostilities, initiated by the Japanese military in September 1931, have reopened the whole struggle on a new and broader historical scale.

4. Cf. footnote 42, p. 201; also footnote 78, p. 204.

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politicians, but representative capitalists such as Baron Takuma Dan, chairman of the Board of Directors of the Mitsui banking house, who was assassinated on March 5. A Fascist movement appeared among the younger military officers, civilian organizations with Fascist aims multiplied, and Fascist segments split off from the proletarian parties. Underlying the whole movement has been the economic depression, with its increasingly severe effects upon Japanese economy, particularly in the rural areas.

THE MINSEITO ADMINISTRATION

The Minseito Cabinet, under Premier Hamaguchi, came into office on July 2, 1929 pledged to a three-fold policy of economic retrenchment, disarmament, and Sino-Japanese cooperation.⁵ Baron Shidehara, the Foreign Minister, and Junnosuke Inouye, the Finance Minister, both exceptionally strong and able leaders, were counted upon to carry out this program successfully. At the general election held on February 20, 1930, the Minseito party won an overwhelming victory, when it secured a clear majority of 80 seats in the lower house of the Diet, thus placing the government in an apparently impregnable position.

Meanwhile, encouraging progress had been made in the Minseito's policy of national economic retrenchment. The unpopular task of deflation had been undertaken as "the result of a careful analytical study of Japan's perilous economic position."⁶ Shortly after the war, the mushroom prosperity experienced by Japan had collapsed, leaving the country with an over-expanded industrial structure that had been in chronic difficulties since 1920. Between 1920 and 1929, in consequence of a doubling of government expenditure and a steadily adverse trade balance, Japan's public debt had risen from ¥3,244,000,000 to ¥5,959,000,000—an increase of over 80 per cent.⁷ During this period the export of gold was prohibited, the exchange rate fluctuated widely, and the cost of living had become excessive. Under these circumstances, Finance Minister Inouye had set about securing a reduction in prices and taxes as a prelude to the restoration of the gold standard.⁸ The Minseito's working budget for 1929-1930 effected a reduction of over ¥150,000,000; it was balanced

without the issue of new loans, and added to the sinking fund for the national debt. Similar principles of retrenchment were enforced upon the prefectural and local governments, and the people responded well to a national appeal for business and private economy. Finally, Japan's international trade accounts for 1929 practically balanced, an extraordinarily low excess of visible imports—the lowest in ten years—being covered by the excess of invisible exports. These conditions were reflected in a rapid fall of the wholesale price level and a steady rise in the exchange value of the yen, showing that a genuine process of deflation was taking place. On January 11, 1930 the embargo on the exportation of gold was removed, and shortly thereafter the yen reached par. The first goal in the Minseito's economic program had been achieved.

The motive for a policy of disarmament—the second item in the Minseito's program—was also primarily economic. In the Minseito budget for 1929-1930, arms expenditures accounted for \$244,514,000, or 29 per cent of the total.⁹ The saving effected in this respect over the Seiyukai budget for the previous year amounted to only \$14,105,000. Obviously, a sizeable decrease in the defense budget could best be achieved by a naval reduction agreement. For this reason, the Minseito government welcomed the convening of the London Naval Conference on January 21, 1930. The treaty there signed, however, stimulated a serious internal controversy between the cabinet and the "big navy" leaders. Admiral Kato, Chief of the Naval Staff, protested against its provisions in a memorial to the Emperor on April 2, and ultimately resigned on June 11. Public opinion and the press, however, were practically unanimous in support of the government, and the Privy Council, which had delayed action on the treaty for several months, eventually recommended its unconditional ratification on October 1, 1930. At the time, the outcome of this struggle was hailed as a striking indication of the declining influence of the military—as contrasted with the civilian—forces in Japanese politics, particularly with regard to the conduct of foreign relations.¹⁰⁻¹¹ As it turned out, however, the conflict over the ratification of the London naval treaty proved to be merely the opening skirmish of a campaign from which the Japanese militarists were to emerge completely victorious a year later.

The Minseito's policy of Sino-Japanese cooperation was similarly rooted in economic necessity. Friendly relations, not only with China but with the world as a whole, were

5. Cf. Bisson, "Democracy in Japan," cited, p. 163; also Yusuke Tsurumi, "Japanese Policy and Opinion," *The Yale Review*, Vol. XXI, No. 4, June 1932, p. 754-770.

6. George E. Sokolsky, *The Tinder Box of Asia*, (New York, Doubleday Doran, 1932), p. 189. The results of this study are available in a volume by H. G. Moulton entitled *Japan: An Economic and Financial Appraisal* (Washington, D. C., The Brookings Institution, 1931) which was prepared with Mr. Inouye's assistance.

7. Cf. A. Andreades, "Japanese Finance since the War," *Foreign Affairs*, Vol. 10, No. 3, April 1932, p. 487. This debt is still relatively small, however, the only burdensome feature being the large proportion, approximately one-third, held abroad. (Cf. Moulton, *Japan: An Economic and Financial Appraisal*, cited, p. 246-251.)

8. Cf. Bisson, "Democracy in Japan," cited, p. 163-164.

9. A. Andreades, "Japanese Finance since the War," cited, p. 489.

10-11. Cf. T. A. Bisson, "The Re-Orienting of Japan's Foreign Policy," *Foreign Policy Association Information Service*, Vol. VI, No. 16, October 15, 1930, p. 295.

encouraged as the soundest basis for an expanding foreign trade, by which alone Japan's growing population could be supported." Specifically, Baron Shidehara sought by pacific means to open up foreign markets capable of absorbing Japan's manufactured exports in quantities sufficient to cover its requisite imports of food and raw materials." The trade balance, chronically adverse for a decade, had to be reversed. The United States and China, which together take the bulk of Japan's exports, furnished the best field of activity for such a policy." Although trade relations with the United States were normal, it was hoped that, in the case of China, decided commercial advantages might be gained by negotiating a settlement of the pending Sino-Japanese issues. The Sino-Japanese tariff agreement concluded on March 12, 1930, providing for Chinese tariff autonomy, was the most significant outcome of these efforts." It raised hopes that Japan's foreign trade accounts, which had practically balanced in 1929, would show a positive excess in 1930.

THE FALL OF THE MINSEITO

The initial gains achieved by the Minseito government became increasingly problematical during 1930 and were wiped out in 1931. The deflationary process deliberately stimulated by Mr. Inouye at the height of the boom in 1929 was pressed to a remorseless conclusion by the growing world depression, until it reached panic proportions. By June 1931 prices in Japan "were at exactly the same level as in May 1916."¹² The effects of the depression were also evident in dwindling trade returns.¹³ Japan's exports declined 31 per cent in 1930, and a further 22 per cent in 1931.¹⁴ This drastic cut in Japan's purchasing power was reflected in a drop of 30 per cent in Japanese imports for 1930,

and an additional 20 per cent for 1931." As a result, the trade balance was only slightly more adverse, but the decrease in imports measured the loss in Japan's economic well-being. Continued budgetary economies were more than swallowed up by the falling-off in revenue collections.¹⁵ Despite the naval limitation treaty, the savings actually effected in the defense budget were negligible. Mr. Inouye's persistent efforts in this direction only served to stiffen the opposition of the military. Finally, in 1931, the Minseito's China policy was jeopardized by the increasing aggressiveness of Chinese railway developments in Manchuria.¹⁶ Baron Shidehara's attempt to negotiate a settlement of the outstanding Manchurian issues at a railway conference in June 1931 broke on the rock of Chinese indifference. A series of provocative incidents—the Wanpaoshan affair, anti-Chinese riots in Korea, the Nakamura murders—followed in quick succession.¹⁷ The hand of the Japanese military, who were striving to inflame public opinion in Japan, was evident in these incidents." Baron Shidehara, desperately seeking a pacific adjustment of the mounting number of controversies, had his back to the wall. By the late summer of 1931 the Minseito's program of economic reform, disarmament, and Sino-Japanese cooperation was threatened with collapse at all points.

Two crushing blows, delivered simultaneously, signalled the approaching downfall of the Minseito régime. Between September 18 and 21, the Japanese military, acting on their own responsibility, occupied all strategic points in South Manchuria; and on September 20 England suspended gold payments in exchange for sterling. The Minseito government succeeded in withstanding this double shock for nearly three months, but from this time on its fall was inevitable.

In choosing Manchuria—generally regarded as Japan's "life-line"—for their field of action, the military occupied a strategically advantageous position. Whereas a year earlier the press and public opinion had supported the Minseito in its efforts to reduce

12. For an analysis of the difficulties of Japan's general economic situation, cf. *ibid.*, p. 280-281.

13. A policy clearly formulated in Baron Shidehara's address to the Diet on January 21, 1930, for which cf. *ibid.*, p. 296.

14. Commercial agreements with smaller countries, such as that concluded between Japan and Egypt on March 19, 1930, were also fostered by the Minseito government. Cf. *ibid.*, p. 296.

15. The agreement had the double merit of enlisting Chinese sympathy (although tariff autonomy had actually been effective in China since February 1, 1929) while providing for a three-year system of low conventional duties covering the important articles of Japanese export to China. (Cf. *ibid.*, p. 287-288.)

16. A. Andreades, "Japanese Finance since the War," cited, p. 493.

17. The fall in the price of silk lowered the value of Japan's silk exports to the United States, the depreciation of silver acted in China both as a protective tariff and as a bonus on exports, and tariff increases were instituted by the British dominions. (*Ibid.*, p. 493, note 4.)

18. Baron Shidehara's conciliatory China policy justified itself in part at least in 1930, when Japanese exports to China fell only 25 per cent, or less than the general average. In 1931, however, which witnessed the initiation of Japan's military adventure in Manchuria, Japanese exports to China fell off 40 per cent, considerably more than the general average. Undoubtedly this discrepancy will prove even greater for 1932. (Cf. American Council, Institute of Pacific Relations, *Memo- randum on the Chinese Boycott of Japanese Goods*, March 30, 1932, p. 1.)

19. *Ibid.*

20. This result became evident on December 8, a few days before the fall of the Cabinet, when it submitted the proposed budget figures for 1932-1933. Mr. Inouye had succeeded in reducing public expenditure by over ¥200,000,000 between 1929-1930 and 1931-1932. The new budget further reduced expenditure, but left a deficit of ¥172,100,000, which was to be covered by tax and customs increases and by various internal loans—both running counter to the declared principles of the Cabinet. Despite its "no loan" slogan, the Minseito had contracted loans of more than 100 million yen during 1931, and although the public debt had passed the six billion figure, it was now planning to issue still larger loans. (Cf. *Japan Weekly Chronicle*, December 17, 1931, p. 787; also A. Andreades, "Japanese Finance since the War," cited, p. 497-498.)

21. Cf. T. A. Bisson, "Railway Rivalries in Manchuria between China and Japan," *Foreign Policy Reports*, Vol. VIII, No. 3, April 13, 1932.

22. Cf. T. A. Bisson, "Japan and Manchoukuo," *Foreign Policy Reports*, Vol. VIII, No. 8, June 22, 1932, p. 89-91.

23. These incidents were backed up by a steady propaganda campaign among the Japanese reservists by means of lectures, pamphlets, and even moving pictures.

Japan's naval establishment, they now swung in behind the military. Undoubtedly, the change in popular sentiment also reflected the growing acuteness of the economic crisis in Japan: Manchuria, it was thought, might possibly supply a way out of Japan's economic dilemma. Baron Shidehara's best attempts to localize the Manchurian conflict failed. With each fresh advance of the military forces in the field, control over foreign policy slipped further from the hands of the Foreign Office. The position of the Minseito, forced to become the official apologist for a policy to which it was diametrically opposed, grew steadily weaker.

Great Britain's abandonment of the gold standard, and the consequent drop in the price of British goods on the Chinese market, proved equally awkward for the Minseito's economic program. Japanese merchants were now compelled to meet an intensified British competition in a market where a serious anti-Japanese boycott was also developing. While one-tenth of Japan's merchant tonnage lay idle, mostly due to the boycott in China, the British merchant marine was offering freights in depreciated sterling. The depreciation suffered by Japan's sterling holdings in London, which constituted the bulk of its foreign reserves, was also a serious loss. As a result of these factors, the specie drain, already severe enough, began to reach exaggerated proportions.²⁴ A clamor for the reimposition of the gold ban arose. The Seiyukai Opposition was in a strategic position to capitalize these Minseito difficulties. Not only was it the more nationalistic of the two parties and, to this extent at least, more acceptable to the military. It was also traditionally inflationist, and had criticized the Minseito's deflationary policy since its inception. Its advocacy of a departure from the gold standard served to open the road to office.

The unsavory circumstances attending the resignation of the Minseito government on December 11, and the formation of a Seiyukai Ministry on December 13, aroused renewed dissatisfaction in Japan with party government. The immediate cause of the Minseito's resignation was an intrigue led by its reactionary Home Minister, Kenzo Adachi, ostensibly directed at setting up a coalition ministry composed of the nationalistic wings of the Seiyukai and Minseito parties.²⁵ It was widely believed, however, that Adachi had received a liberal fortune to secure the downfall of the Minseito in order to facilitate a departure

from the gold standard.²⁶ In any case, the chief benefit derived from the precipitate reimposition of the gold embargo by the Inukai Ministry, announced immediately after its appointment, was reaped by Japanese financial interests which were faced with heavy losses on dollar-buying speculations so long as Mr. Inouye maintained the value of the yen.²⁷ It was charged that the abandonment of the gold standard netted the Mitsui, Mitsubishi and Sumitomo interests sums aggregating \$30,000,000 to \$60,000,000.²⁸ Popular condemnation was intensified when it was revealed that the private financiers' gain was the government's loss, since the hurried restoration of the gold ban left the Yokohama Specie Bank with foreign obligations amounting to some 170,000,000 gold yen, which had to be paid in depreciated yen.²⁹ The appointment to the War Ministry of General Sadao Araki, who was sympathetic to the aggressive aims of the younger military officers, further threatened parliamentary rule in Japan by strengthening chauvinist control over foreign policy. These developments reinforced the steady drift toward Fascism, which was by this time affecting all phases of Japanese life.

THE SWING TO FASCISM

The basic clue to the understanding of the present Fascist movement in Japan is its peculiarly reactionary character. Japanese Fascism draws its strength from an ultra-nationalistic patriotism, on the altar of which everything, including life itself, must be freely sacrificed. It is fundamentally an emotional movement, appealing to the sentiments of religious veneration for the Emperor implicit in Japan's monarchical creed.³⁰ Its exemplars are the traditional heroes of Japanese history, who loyally carried out the demands of their feudal superiors or who exhibited an incorruptible devotion to the service of the nation. It is a twentieth-century Bushido,³¹ with the necessity of re-

26. Cf. Rodney Gilbert, *New York Herald Tribune*, May 22, 1932; *Trans-Pacific*, August 4, 1932, p. 14.

27. *New York Times*, December 11, 1931; *Japan Weekly Chronicle*, May 19, 1932, p. 643.

28. *New York Times*, December 14, 1931. It was estimated that some \$200,000,000 was held speculatively, the principal holders being the Mitsui with 50 millions, Sumitomo with 20 millions, and Mitsubishi with 10 millions. In these dollar-buying operations, the Mitsui was recouping losses suffered by the depreciation of some ¥50,000,000 of sterling holdings in London. The Mitsui is closely connected with the Seiyukai party; its interests, which are chiefly industrial, would benefit by the stimulus of a depreciated yen. The Mitsubishi, on the other hand, is connected with the Minseito party; its interests, which are chiefly financial, would be conserved by the maintenance of the value of the yen. It should also be noted that Baron Shidehara is a brother-in-law of Baron Iwasaki, head of the Mitsubishi family, while Mr. Inouye had been identified with the First National Bank, controlled by the Shibusawa interests, which are also mainly financial.

29. *Japan Weekly Chronicle*, December 31, 1931, p. 840; *New York Times*, December 21, 1931.

30. For article on the position of the Japanese Emperor, cf. Kenneth Colegrove, *American Political Science Review*, August 1932, p. 642-659 and October 1932, p. 828-845; also Bisson, "Democracy in Japan," cited, p. 149-150.

31. Bushido, the traditional ethical code of the Japanese warrior.

24. Cf. American Council, Institute of Pacific Relations, *Memorandum on Japan's Foreign Financial Problems*, June 17, 1932, p. 3. Following the return to the gold standard, Japan's specie exports rose from 2 million yen in 1929 to 387 million yen in 1930 and to 417 million yen in 1931.

25. *Japan Weekly Chronicle*, December 3, 1931, p. 700-701, 706-708.

ordering the modern state as the object of its activity.³² It thrills the spirit of the Japanese nation, challenging it to face and overcome the new dangers threatening Japan in this difficult modern age.

In all this, Japanese Fascism is an unmistakably direct reaction against the Westernism that has lately threatened to overwhelm the old Japanese life and culture.³³ The Minseito administration, from 1929 to 1931, represented the culmination of this Western influence upon Japan. It stood for a parliamentary and democratic régime, pacific, pro-League and favorable to disarmament. Japanese Fascism is anti-parliamentary and authoritarian; it is belligerent, suspicious of the League, and opposed to disarmament. The Minseito administration was international-minded, devoted to pacific means of settling disputes, a respecter of the territorial *status quo* as defined by treaty. The Fascist movement is isolationist, or at least "back to Asia;" it is unafraid to resort to the arbitrament of force, and unmindful of treaty pledges that stand in the way of guaranteeing Japan's military and economic security. The Minseito, like the Seiyukai party, was plutocratic, the agent of the dominant capitalist interests of Japan. Japanese Fascism, at least in program, is both nationalist and socialist, aiming at a benevolent dictatorship sanctioned by the Emperor that will govern for the welfare of all classes of the Japanese nation. The spiritual aspects of this shift from a pronounced Westernism to an exaggerated "Nipponism"—its emphasis on Japanese *Kultur*—are as significant as its political aspects.³⁴

The broad factors underlying the rise of this Fascist movement in Japan are similar to those now affecting all countries in an advanced stage of capitalist development.³⁵ A number of more specific causes, peculiar to Japan in the extent to which the military were involved in them, contributed to the emergence of an internal political crisis at this particular time. The struggle between the Minseito and the military led the latter to fear that their traditional independence

of action, subject only to the will of the Emperor, might eventually be subordinated to the authority of the head of the cabinet—a fear which stimulated them to a succession of Manchurian intrigues that finally ended in war. In the ensuing national crisis, the military were enabled to consolidate their internal political strength and to cast off all parliamentary restrictions upon their external freedom of action. The political corruption prevalent in Japan, by engendering a growing popular cynicism toward the political parties, also played directly into the hands of the military, who had skilfully directed a widespread propaganda campaign against the evils of parliamentarism. Finally, the critical effects of the depression upon Japanese economy gave rise to an increasing measure of economic discontent, not only among the workers and farmers but also among the middle-class business men, salaried employees, civil servants, and intelligentsia.³⁶⁻³⁷ With this discontent, particularly as it involved the rural areas, from which some 80 per cent of the Japanese army conscripts are drawn, the military were in close sympathy.³⁸

With overt action by the military on September 18, 1931, these various discontented forces were enabled to come out into the open and seek to make common cause in their opposition to the *status quo*. From many diverse groups, Fascist proponents now became active and vocal. Among these, four main elements may be distinguished: the younger army officers, a large number of civilian organizations of various shades,

32. Cf. the discussion of Bushido by Inazo Nitobé in *Japan* (New York, Scribner's, 1931), p. 351-362.

33. Cf. Upton Close, *New York Times*, June 5, 1932; and Hugh Byas, *ibid.*, October 2, 1932.

34. Cf. General Araki's demand for the forcible spread of the Japanese national spirit (Kodo—"kingly way," a Confucian term) over Asia; also similar use of the term in Japan's statement on the recognition of Manchoukuo. (*Trans-Pacific*, August 4, 1932, p. 5; *New York Times*, August 14, 1932; *New York Herald Tribune*, September 16, 1932.)

35. Foremost among these are the difficulties arising from the growing dependence upon foreign markets for the sale of surplus manufactures, and from the increasing concentration of the ownership and control of industry in the hands of big financial combinations, both of which tend to intensify the effects of an economic depression. In Japan, despite its large agrarian population, the concentrated ownership of industry and commerce by a half-dozen banking houses represents an extreme development of finance capitalism. Moreover, the close relations between government and industry in Japan, through the practice of granting large subsidies, would facilitate the transition to a Fascist régime.

36-37. The official estimate of unemployed workers in Japan—400,000 to 500,000—includes only those registered at the employment bureaus; the actual total is probably nearer 2,000,000. Small business houses have been crowded to the wall; the salaries of civil servants, government officials, and business employees have been cut from 10 to 20 per cent; of the university graduates, only 20 per cent are immediately able to secure positions. The economic status of the Japanese farmer is the most desperate of all. Agricultural depression in Japan is of long standing. Basically, there are too many people concentrated on too small a cultivable area. Even during the better years of the last decade the Japanese farmer was unable to operate at a profit. In simplest terms, he is a grower of rice, with the cultivation of silk as a profitable side-line. The average price of rice in 1928 was \$4 a bushel, and of raw silk \$690 a bale. In May 1932, rice was selling at \$1.40 a bushel, and silk at \$150 a bale. As the price of his products fell, the farmer's debt burden mounted, until the total is now estimated at 5 or 6 billion yen, with interest running as high as 30 per cent and over. Under these circumstances, the value of farm land declined 7 per cent in 1929-1930, 21 per cent in 1930-1931, and has continued to fall at an accelerated pace during the current year. A crushing tax burden, four or five times above the pre-war level, weighs chiefly upon the agrarian population through direct and indirect taxation. In the summer of 1932, the peasantry in some areas were subsisting on grass roots, cattle feed and fish entrails ordinarily used for fertilizer, and selling their daughters to houses of prostitution. The countryside was the scene of bloody conflicts between the starving peasants and the landowners and usurers. (*New York Times*, July 10, 1932; *The Times* (London) July 5, 1932; *Contemporary Japan*, September 1932, p. 266-276; *The New Statesman and Nation* (London), October 8, 1932, p. 427-428.)

38. The peasant soldiers have been accustomed to take their troubles to their officers, who feel a paternal sympathy for their men. Since the officers are themselves generally poor, they share the soldiers' indignation against the bourgeoisie and its party henchmen. This is one aspect of the situation. Cf., however, footnote 40, p. 201.

patriotic terrorists, and segments of the proletarian parties.³⁹

The backbone and driving force of the Fascist movement has been supplied by its military element, which is strongly anti-parliamentary, insistent on a free hand in Manchuria, and vaguely socialistic.⁴⁰ By virtue of their "constitutional independence, traditional prestige, nearness to the common people, and possession of means to force action,"⁴¹ the Japanese military, alone of the Fascist proponents, have the strength to translate their program into achievement. The younger military officers were the prime movers in the initiation of military action in Manchuria.⁴² A month later, on October 17, 1931, came the abortive coup d'état, which had marked half a dozen leading politicians and financiers for assassination as a prelude to the establishment of a military dictatorship.⁴³ Most of the younger General Staff officers up to the rank of colonel were implicated, as well as many of the younger officers of regiments in and near Tokyo. The plot was discovered and frustrated before it materialized, and the whole affair was hushed up. Not only did the officers involved go unpunished, but the future conduct of military affairs passed largely into their hands. In December, with the advent of General Sadao Araki as Minister of War, these younger officers achieved representation in the cabinet. General Araki, while not actually one of them, is sympathetic to their point of view, and for this reason holds their respect and is, in some measure, enabled to control their actions. He is himself backed by the larger and more moderate body of Japanese veterans, numbering some four million ex-soldiers, which is also rapidly tending toward Fascism.⁴⁴ This body of

reservists would constitute the chief support of the military in the event of an open outbreak in Japan. With its aid, the military have instituted a drastic nation-wide censorship—a sign of Fascism already established.⁴⁵

Aside from the militarists, the most influential elements of Fascist and near-Fascist opinion in Japan are scattered among a great number of reactionary societies of various sorts. In April 1932, there were more than ninety such organizations with a total membership estimated at from 600,000 to 700,000, and a much larger number of sympathizers.⁴⁶ At present there are some 200 Fascist societies. Foremost among these groups is the Kokuhonsha (National Foundation Society), organized in 1924 by Baron Hiranuma, now Vice-President of the Privy Council.⁴⁷ Of almost equal importance are the Kokusuikai (Essence of National Culture Association) and the Kenkokukai (Empire Foundation Society).⁴⁸ These are the "big three" of the conservatively reactionary organizations. Although they would all disavow the Fascist label, they are basically Fascist in their opposition to parliamentarism, and would be likely to participate in a military dictatorship, should it arise. Many other reactionary groups are of only slightly less importance in their influence and following.⁴⁹ The first openly proclaimed Fascist party established in Japan—the Dai Nihon Seisanto (Great Japan Production Party)—was formally inaugurated at Tokyo on November 20, 1931. Its initial membership of 70,000 has since grown to 100,000. Its promoters were Mitsuru Toyama, known as the "Genro" of the reactionary movement in Japan, and his close associate Ryohei Uchida, a prominent terrorist leader. The Kokuryukai (Black Dragon Society), headed by the latter, is affiliated with this new organization.

39. Cf. Sakuzo Yoshino, "Fascism in Japan," *Contemporary Japan*, Vol. I, No. 2, September 1932, p. 185-197.

40. There is as yet no evidence that the socialistic inclinations of the military have been formulated in an intelligently conceived and well-rounded program of economic reform. Even with respect to Manchuria, the plans suggested are either highly general or else constitute merely piecemeal attacks on the position occupied by the entrenched capitalist interests represented by the South Manchuria Railway Company. There is even some evidence that the latter's control of the purse-strings is bringing the army leaders around to the necessity of compromise in order to get the capital necessary for the development of Manchuria. This whole issue is of crucial importance. There is a widespread belief in Japan, inculcated chiefly by radical propagandists, that the economic benefits obtained from Manchuria, won by the sacrifices of the peasant soldiers in the Russo-Japanese War, have accrued to the capitalists. This belief threatens to affect the morale of the Japanese soldiers. The military have countered this attack by emphasizing that Manchoukuo must be delivered from capitalist exploitation and developed for the benefit of the common people. Failure in this attempt will throw the masses back into the hands of the exponents of a radical "left" revolution.

41. Upton Close, *New York Times*, June 5, 1932.

42. The younger military officers are a highly selected group, owing to the stiff entrance requirements of the military academies. Many of them were led to choose a military career because their families were too poor to afford them a university education. In these respects, they are similar to the class of lower samurai which engineered the Restoration in 1868 in order to carve out a sphere for the exercise of their talents. Their ability and energy would make them the chief promoters of a "second restoration."

43. Wilfrid Fleisher, *New York Herald Tribune*, April 28, 1932.

44. *Ibid.*, September 13, 1932.

45. Freedom of speech is taboo, and newspapers and magazines appear with whole sections blotted out by the military censor. In the event of a new election, it is expected that these reservists will bring immense pressure to bear in securing the election of candidates favorable to the program of the military.

46. Cf. H. Sasa, *Taishu Seiji Tokuhon* (Peoples' Political Grammar), Tokyo, Chuo Koron Sha, 1932, p. 295-334; Wilfrid Fleisher, *New York Herald Tribune*, April 28, 1932; *Trans-Pacific*, June 16, 1932, p. 5; May 12, 1932, p. 9; August 11, 1932, p. 4; *Japan Weekly Chronicle*, May 19, 1932, p. 652-653; May 26, 1932, p. 671, 686-687.

47. The Kokuhonsha has branches throughout the country and counts probably 80,000 members, chiefly military and naval officers, judges, and civil servants. During the past year it has conducted a vigorous propaganda campaign by holding meetings and distributing pamphlets among reservist associations and young men's organizations in the large cities. General Araki looks with favor upon the Kokuhonsha and has prominently identified himself with it.

48. The Kokusuikai was organized in 1919; it is led by Dr. Suzuki, and has a membership of 50,000, drawn mostly from the hereditary leaders of the traders and merchants. The Kenkokukai, organized in 1926, is basically an anti-communist organization, with some 20,000 members, largely students and intellectuals.

49. Among these are the Dai Nippon Seigidan (Great Japan Justice Society), formed in 1924, with a membership of 200,000, chiefly middle class merchants and artisans; the Aikoku Kinroto (Patriotic Labor Party), supported mainly by postoffice employees in Tokyo and vicinity; the Jimmukai, named after Japan's first emperor, which has enrolled many young military and naval officers; and the Dai Nippon Kodo Gikai (Great Japan Kingly Way Society).

The Dai Nihon Seisanto possesses a highly elaborated and extremely radical socialist program. Its importance lies in the fact that it constitutes a bridge between intellectual Fascism and the masses.⁵⁰

The rising Fascist movement has found a natural ally in the reactionary terrorists (*ronin*),⁵¹ to whom it is much akin in spirit and aim. Late in March 1932, after following up the clues supplied by the assassinations of Junnosuke Inouye and Baron Dan, the Japanese police uncovered a terrorist plot of unprecedented proportions.⁵² Organized into a Blood Brotherhood League, headed by one Nissho Inouye, a Buddhist priest, some twenty or more young men, mostly students, had pledged themselves to kill a score of the most prominent national figures of Japan. Those marked for assassination were either liberal political leaders or important financiers and industrialists.⁵³ Although the Blood Brotherhood League was not officially linked with the Fascist movement, the relations of its leader with Mitsuru Toyama, founder of the first outspokenly Fascist organization, and the type of person marked for assassination, are sufficient indications of its general connection with Fascism.

Fascist activities have also reached down into the organized labor movement in Japan, and split off important segments of the proletarian parties. Early in 1932, aside from the outlawed Communists, two major proletarian parties were in existence—the older moderate Shakai Minshuto (Social Democratic Party), and the younger and more radical Zenkoku Rono Taishuto (Farmer-Labor Masses Party). Despite the support of a scattering of intellectuals and a number of organized trade unions, these two parties succeeded in capturing only five Diet seats in the election of February 1932.⁵⁴ During

April and May large Fascist elements, carrying with them a number of the unions, seceded from both parties.⁵⁵ On July 24 the remnants of the Shakai Minshuto and the Zenkoku Rono Taishuto united to form the Shakai Taishuto (Socialist Masses Party), led by Mr. I. Abe and Mr. H. Aso.⁵⁶

Meanwhile, the Fascist elements that had seceded from the two original parties were unable to agree upon the personnel of an executive directorate. On August 29 two new Fascist parties emerged—the Nippon Kokumin Shakaito (Japan National Socialist Party) led by Mr. Y. Shimonaka, and the Nihon Kokka Shakaito (Japan State Socialist Party) led by Mr. K. Akamatsu.⁵⁷ Among the slogans of the State Socialist party are "Replace the capitalist state by a national administration based on loyalty," "Destroy capitalism and establish socialism under state control," and "Give freedom to the Asiatic nations in accordance with the principles of racial equality."⁵⁸ The National Socialist party has put forth an all-embracing scheme of Fascist reform, comprising a far-reaching governmental reorganization, changes in the administration of military affairs, a "back to Asia" foreign policy, drastic socialization of the economic structure, a program of farmer-labor protection, and the socialization of cultural activities.⁵⁹ It is per-

55. *Trans-Pacific*, June 9, 1932, p. 3; *New York Times*, April 17, 1932.

56. *Japan Weekly Chronicle*, August 4, 1932, p. 146; *Trans-Pacific*, July 28, 1932, p. 15.

57. *Japan Weekly Chronicle*, June 9, 1932, p. 745-746; *Trans-Pacific*, June 9, 1932, p. 3; cf. also *New York Times*, May 30, 1932.

58. *New York Times*, May 30, 1932; cf. also *Japan Weekly Chronicle*, June 9, 1932, p. 746.

59. Governmental affairs are to be reorganized by the abolition of party government, formation of a cabinet directly under the Emperor, abolition of the House of Peers and the peerage, curtailment of national expenditure, and limitation of taxes to a graduated income and property tax. In the military sphere, the demands are for administration of all military affairs under the supreme command of the Emperor, consolidation of the army, navy and air services into one department, universal conscription with a one-year service term, and state aid to the families of dead and disabled veterans. In foreign affairs, the program calls for immediate withdrawal from the League of Nations, formation of a Pan-Asia League, and securing of equal rights for Japanese abroad (racial equality). The socialization program demands, in general, the subordination of the individual to the economic welfare of the state, and the limitation of private property, with confiscation of any surplus. Specifically, it calls for state or municipal operation of all power and fuel industries (electricity, gas, water, coal, oil, wood); state operation of all communications (shipping, railways, air services, telephone, telegraph); government monopolies in such commodities as rice, wheat, other cereals, salt, fertilizer, cement, iron, glass, and medicines; state control of banks, trust companies, insurance, and large commercial corporations; abolition of the stock exchanges; and state control of forests, vacant lands, and untenanted buildings. The farmer-labor program is predicated on the formation of an equalitarian society through the abolition of all class distinctions, and all financial dynasties. It calls for limitation of interest on loans and deposits to a maximum of 3 per cent; abolition of the apprentice system; guarantee of a living wage to all laborers; a system of state unemployment insurance and relief; recognition of the cooperative rights of laborers; establishment of a Labor League under the control of industry; state protection of orphans, aged, sick, and disabled; and state control of hospitals, hygiene, public bath houses, public dining rooms, and correction homes. The cultural program calls for state control and support of all schools; a living wage for all teachers; state and municipal art institutes for the promotion of art, music, and literature; state ownership of all large publications; and public control of all entertainments, such as theatres and movies. (Cf. Wilfrid Fleisher, *New York Herald Tribune*, April 28, 1932.)

50. George E. Sokolsky, *The Tinder Box of Asia*, cited, p. 151.

51. *Ronin* were originally outcast Samurai (feudal retainers). The traditional spirit of old Japan is exemplified by the famous story of the "forty-seven ronin." These outcast retainers killed the man who caused their lord's death and then committed suicide by *hari-kari*—an action which has been regarded as the highest type of loyalty and self-sacrifice. Modern *ronin* have specialized in political assassination, especially when the honor or safety of Japan is thought to be endangered. Among their prominent victims have been Premier Hara in 1921 and Premier Hamaguchi in 1930. Crimes of this nature—attributable to a patriotic motive—achieve such popular respect in Japan that they are apt to be lightly punished.

52. Wilfrid Fleisher, *New York Herald Tribune*, April 27, 1932. Cf. also *New York Times*, March 6, 10, 11, 12, 21, 25, and 29, 1932; *New York Herald Tribune*, March 7, 10, 12, 17, and 28, 1932.

53. In addition to Mr. Inouye and Baron Dan, the list included Prince Saionji; Baron Wakatsuki; Baron Shidehara; Premier Inukai; Count Makino, Lord Keeper of the Privy Seal; Mr. Tokonami, Minister of Railways; Baron Seinosuke Goh, president of the Tokyo Chamber of Commerce; and Mr. Selhin Ikeda, president of the Mitsui bank, as well as the heads of the Mitsubishi, Sumitomo, Okura, and Yasuda concerns, the largest financial and commercial organizations in Japan. Several unsuccessful attempts were made on the lives of a number of these men, and the illness of Baron Shidehara was attributed to the activities of the League's agents.

54. This result was a great blow to the hopes that the Socialists had placed in manhood suffrage. In 1928 they had elected eight members to the Diet. By 1932, however, the two conservative parties were more firmly entrenched than ever in the Diet, leading many of the Socialists to become disillusioned over the possibility of achieving their objectives by parliamentary action.

haps not surprising that the most extensive and clearly formulated Fascist program should come from a Fascist group of proletarian origin. The possibility that these two Fascist labor parties may be able to swing the Japanese masses into support of a military dictatorship lends them a crucial importance.

The diversity of the groups openly or tacitly favoring Fascism in Japan renders it exceedingly difficult to estimate its actual strength. Six months ago a close observer estimated that the Fascists were still in a minority in the nation at large.⁶⁰ It is safe to conclude that the growing enthusiasm for Fascism has since given the movement more adherents and greater power. Despite the high degree of organization within certain of the individual Fascist organizations, there is no general unity among the different groups. Nevertheless, a decisive move might easily originate with the military, around whom the other groups would then rally.

THE INUKAI GOVERNMENT

Recent political developments in Japan, since the fall of the Minseito government, have given an increased impetus to the Fascist movement. The Seiyukai party, under Premier Inukai, came into power on December 13, 1931 faced with the difficult problem of a forthcoming session of the Diet, in which it possessed only minority support—a problem which was seriously aggravated as the consequence of a bombing attack on an Imperial procession at Tokyo on January 8. Although the cabinet, at the request of the Emperor, withdrew the resignation it had at once offered, the incident provided a strategic talking point for the Opposition.⁶¹ As a result, Premier Inukai dissolved the Diet on January 21, without permitting interpellations in the lower house, and ordered a general election for February 20.⁶² In this election the Seiyukai party was swept into power by a landslide, winning 304 seats to the Minseito's 147 in the House of Representatives.⁶³ The results of the election supplied Fascist critics of the workings of party government with new ammunition. The public was markedly apathetic toward the election campaign, and it was admitted on all sides that the vote in no sense registered the considered opinion of the electorate on

the issues at stake. The decisive factor was attributed to the sweeping changes in prefectural governorships and local police chiefs effected before the election.⁶⁴

The record of the Seiyukai administration, during its five months' term, further discredited parliamentary government. The new cabinet entered office with a three-fold financial policy—the reimposition of the gold embargo, inflation, and a five-year plan of government-subsidized industrial expansion,⁶⁵ sponsored by Jotaro Yamamoto, a powerful Seiyukai leader. The immediate restoration of the gold ban made safe the profits of the speculators, but the other two policies were virtually shelved. Although a moderate degree of inflation resulted from the abandonment of the gold standard and the flotation of domestic bond issues, currency expansion was not attempted and the five-year plan was entirely omitted from the draft budget submitted on March 31, 1932.⁶⁶

Japan's financial and economic position steadily deteriorated during the Seiyukai's term of office. The value of the yen fell from \$0.4984, or slightly under par, on December 12, to \$0.3269 on May 10—a drop of more than a third.⁶⁷ This drastic decline materially increased the burden of Japan's external obligations, on which the annual interest and sinking fund charges amount to over 100 million gold yen.⁶⁸ The gap between exports and imports rapidly widened, until on April 10 the adverse trade balance totalled ¥222,000,000.⁶⁹ Approval of the extraordinary appropriations of ¥34,000,000 on February 9 and ¥22,000,000 on February 26 brought the total war expenditures since September 18 up to ¥98,000,000.⁷⁰ On March 31, 1932 the national debt stood at ¥6,187,657,000—a record figure, showing an increase of ¥231,840,000 in the preceding fiscal year.⁷¹ Finally, the continued drop in agricultural commodity prices intensified the agrarian crisis.

64. Within a week after assuming office, the Inukai Cabinet had appointed 41 new prefectural governors. Only six governors were allowed to retain their offices, and one of these was later removed. The election campaign was marked by the customary police interference with Opposition candidates. Thousands of violations of the electoral law were reported, and hundreds of indictments were returned. (*Ibid.*, December 19, 1931, February 20, 1932; *New York Herald Tribune*, February 20, 1932; *Japan Weekly Chronicle*, May 12, 1932, p. 601-602.)

65. This plan called for an annual government subsidy of ¥120,000,000 to increase the production of cereals, cocoons and raw silk, livestock, marine and forest products, minerals, textiles, and the heavy industries. From the fifth year, this expenditure was calculated to raise the value of the annual output of these products by ¥1,000,000,000. (Cf. Jotaro Yamamoto, "A Five Year Plan for Japan," *Contemporary Japan*, Vol. I, No. 1, June 1932, p. 45-51.)

66. *New York Times*, April 1, 1932.

67. *Ibid.*, May 12, 1932.

68. *Trans-Pacific*, September 1, 1932, p. 17.

69. *New York Times*, May 15, 1932. This total, however, covered Japan's normal import season, from January to June, and was later materially decreased. Cf. footnote 86, p. 205.

70. *Ibid.*, February 26, 1932.

71. *Trans-Pacific*, April 21, 1932, p. 17. Domestic loans to the amount of ¥238,285,000 had been floated; foreign loans had decreased by ¥6,445,000.

60. *Ibid.*

61. *New York Times*, January 21, 1932.

62. *Ibid.*, January 22, 1932. The Minseito's electoral campaign was disrupted by the assassination of Junnosuke Inouye, its most wealthy and vigorous political leader, and by the incapacitation of Baron Shidehara, who has since announced his retirement from politics. The defection of Kenzo Adachi, former Home Minister and boss of the Minseito's party machine, who ran for election as an independent, was also a serious loss. These successive blows, including also the prior death of Yuko Hamaguchi on August 26, 1931 from the effects of a terrorist's bullet, have deprived the Minseito of its greatest leaders, thus decisively weakening its national influence.

63. *Ibid.*, February 23, 1932. Independents accounted for only fifteen seats, of which the Socialist parties and a group led by Kenzo Adachi each secured five.

The growing strength of the Fascist movement was revealed by the instability of the Seiyukai government throughout its existence, despite its striking victory at the polls in February. On four separate occasions before its final collapse on May 15, the cabinet's resignation was either rumored or offered. In addition to the January bombing affair involving the Emperor, sharp crises twice arose in February over the issue of sending additional troops to Shanghai.⁷² In the second instance, the cabinet called in Japanese bankers to warn the army chiefs regarding the financial effects of the Shanghai operations.⁷³ Nevertheless, the defense Ministers prevailed, and the reinforcements were sent. Toward the end of March, a much more critical situation developed over the choice of a successor to Home Minister Nakahashi, who had been persuaded by his colleagues to resign in expiation of Seiyukai responsibility for the January bombing affair.⁷⁴ The post was rightly regarded as a stepping-stone to the presidency of the party,⁷⁵ and its allocation occasioned such bitter controversy between two Seiyukai factions, led by Dr. Suzuki and Mr. Tokonami respectively, that Premier Inukai himself temporarily assumed the portfolio on March 16. This revelation of political bickering at a time of national crisis angered army circles and very nearly led to the fall of the government—a contingency that was averted chiefly by the efforts of Prince Saionji.⁷⁶ In April the Seiyukai Cabinet further discredited itself by an effort to secure control of the presidency of the South Manchuria Railway—an office which, although customarily regarded as a political plum, the Minseito had previously sought to remove from the sphere of partisan politics.⁷⁷ Coming at this time, the action was strenuously resisted by the military, and aroused a storm

of public protest. The incident emphasized the fact that the army now regarded Manchuria as its own preserve, and would not tolerate any further political wire-pulling in that area.

The assassination of Premier Inukai on May 15 by a band of military cadets and young naval officers brought to the fore the difficult issues involved in the formation of a new cabinet. On May 17 the police revealed that the seventeen men arrested in connection with the plot were members of the Blood Brotherhood League.⁷⁸ No coup d'état was planned; the affair was a terrorist outbreak without support in influential circles. Nevertheless, the appearance of uniformed men striking down a party leader was significant, and intensified rather than lessened public distrust of party government.

THE SAITO GOVERNMENT

The appointment of the Saito Cabinet, announced on May 22, was preceded by a week of delicate negotiations, with parliamentary government at stake. The logical choice for the premiership lay between Dr. Suzuki and Baron Hiranuma, both men of definite Fascist leanings.⁷⁹ Despite the best efforts of Kaku Mori, however, who acted as the Seiyukai's go-between with the army leaders, the latter rejected a one-party régime in favor of a non-partisan "national" government.⁸⁰ Baron Hiranuma, Vice-President of the Privy Council, was handicapped by his inability to control a legislative majority in the Diet. Under these circumstances, Prince Saionji was enabled to secure the agreement of the parties and the army to the appointment of Admiral Saito—a compromise candidate. A super-party coalition cabinet emerged, with three posts allocated to the Seiyukai party, two to the Minseito, two to the military, and six to non-party men. The essential compromise in the allocation of

72. *New York Times*, February 6 and 27, 1932; *New York Herald Tribune*, February 23, 1932.

73. Among these bankers was Baron Takuma Dan, who was assassinated on March 5.

74. *New York Times*, March 16, 1932.

75. Dr. Suzuki succeeded to the Seiyukai presidency after the death of Premier Inukai. Cf. footnote 79.

76. On March 22, Kaku Mori, chief secretary of the cabinet and a man of pronounced Fascist leanings, announced his resignation. For a brief period, it seemed that he was destined to repeat the part earlier played by Adachi in bringing about the downfall of the Minseito Cabinet. On March 24, however, the opposing factions reached an agreement; and on March 25 Dr. Suzuki assumed the post of Home Minister, and Kaku Mori withdrew his resignation. (Cf. *New York Herald Tribune*, March 16, 17, 18, 20, 22, 24, and 25, 1932; *New York Times*, March 17, 22, and 26, 1932.)

77. In the spring of 1931, the Minseito had appointed Count Uchida and Mr. Eguchi as president and vice-president respectively of the South Manchuria Railway; the former was noteworthy for his diplomatic prestige, and the latter—a Minseito man—for his business ability. On April 6, 1932, the Seiyukai Cabinet issued an Imperial decree authorizing the removal of Mr. Eguchi in favor of a Seiyukai appointee, apparently as a first step toward securing control of the administration of the railway. Count Uchida at once offered his resignation, an act which called public attention to the issue. Eventually, however, he retained his office for a time at the army's urging, and the new Seiyukai appointment to the vice-presidency of the railway was confirmed. (*Trans-Pacific*, April 14, 1932, p. 12; April 21, 1932, p. 3; also *New York Times*, April 10, 1932.)

78. Additional ramifications of this organization (cf. p. 202) were revealed by the discovery that its doctrines were being propagated by a farmer-schoolmaster, Kosaburo Tachibana—who was not arrested, however, until two months later. Tachibana had taken refuge in Manchuria, where the military shielded him. Of those arrested on May 15, several proved to be members of a farmers' death band that originated in Tachibana's school at Mito. The ideas motivating this group reveal the extent to which the reactionary movement now sweeping Japan is rooted in Japanese soil. It was in Mito, where a patriotic school taught the doctrine of the unbroken Imperial succession, that the seeds of the Restoration were sown. The men of Mito believe that the spade work of the Restoration was done by them, but that the Satsuma and Choshu clans obtained the spoils. The fruits of the Restoration have been lost because Satsuma and Choshu rule handed Japan over to capitalists who exploit the people and politicians who deceive them. A "second restoration" is therefore needed to put the nation back on its true course. The slayers of Inouye, Dan, and Inukai were all Mito men carrying on the Mito tradition. (Cf. Hugh Byas, *New York Times*, September 18, 1932; also *ibid.*, May 18, 1932.)

79. On May 16 Dr. Suzuki had been elected president of the Seiyukai party, thus placing him in a strategic position to head a single-party government, backed by the Seiyukai majority in the Diet. His previous opponent for the Home Ministry, Mr. Tokonami, gave way to Dr. Suzuki as head of the party, owing to the need for speedy action if the Seiyukai were to remain in power. Dr. Suzuki's opinions also rendered him more acceptable to the military.

80. *New York Times*, May 18 and 19, 1932.

ministerial posts was the recognition of army control in foreign affairs, while leaving internal affairs under party control.⁸¹

The chief problems confronting the Saito administration were raised at a special session of the Diet, meeting June 1-15. Four minor issues were dealt with by the passage of bills providing for the expansion of the currency, control of exchange, increase in tariffs, and appropriations for military expenditures.⁸² The first of these measures, raising the limit of the Bank of Japan's note issue from ¥120,000,000 to ¥1,000,000,000, was the most significant. It was passed as a result of pressure exerted by the Seiyukai party in an effort to gain favor in the rural areas, but its purpose seems to have been defeated by the Finance Minister, a representative of "sound economics."⁸³ In their own sphere, the military secured an appropriation of ¥193,000,000 to defray seven months' additional expenditures, beginning June 1, for the Manchurian campaign. Action on the major issues before the government—farm relief and the recognition of Manchoukuo—was postponed. Two joint Seiyukai-Minseito resolutions, however, urging the immediate recognition of Manchoukuo and the calling of a special session to pass farm relief measures, were unanimously passed by the House of Representatives.⁸⁴

In the succeeding two months, despite some few hopeful signs, economic conditions as a whole grew steadily worse. On August 19 the yen fell to a new all-time low of \$0.2275—55 per cent below parity.⁸⁵ Al-

though the customary seasonal increase of exports was in evidence, the total excess of imports still remained far above that of the preceding year.⁸⁶ The most notable sign of improvement was a substantial rise in the price of silk.⁸⁷ Late in August a special meeting of the Diet was summoned to enact emergency farm relief measures. The session adjourned on September 4 after voting ¥170,000,000—a mere bagatelle—for unemployment relief during 1932, and passing a bill designed to stabilize the price of rice.⁸⁸ A farm debt adjustment bill, vigorously supported by the Seiyukai party, was eventually turned down by the government with the support of the House of Peers. Although the resignation of the Cabinet or the dissolution of Parliament appeared imminent several times, the military again failed to intervene.

With respect to Manchoukuo, however, the aims of the military have been scrupulously adhered to by the Saito government. The appointment of General Nobuyoshi Muto on August 8 as Japan's supreme representative to Manchoukuo formally subordinated the Foreign Office to the army in Manchurian affairs.⁸⁹ In addition to the full exercise of military, administrative, and diplomatic functions, General Muto was also vested with supervisory powers over the president of the South Manchuria Railway.⁹⁰ The second item in the army's program—recognition of Manchoukuo—has also been accomplished by the signing of a treaty of alliance between Japan and Manchoukuo on September 15, confirming Japan's existing treaty rights in Manchuria, and giving Japan the right to station such troops in Manchoukuo as may be necessary to the "maintenance of the national security of both countries."⁹¹

81. The crisis revealed that the army leaders were not yet committed to the decisive step of repudiating parliamentarism and setting up a Fascist dictatorship. Nevertheless, their growing concern over domestic affairs was demonstrated by their demands for radical economic measures, including a moratorium on farmers' debts, downward revision of taxation for small tax payers, steep taxes on inherited wealth, and state control of the principal industries. (*New York Times*, May 20, 1932.) Actual power over these matters, however, still rested with the party leaders, who retained the crucial Ministry of Finance. General Sadao Araki remained as Minister of War, and Count Uchida—the army nominee—was made Foreign Minister.

82. *Ibid.*, June 15, 1932; *New York Herald Tribune*, June 15, 1932. The exchange control bill authorized the Finance Minister to exert wide powers of inspection and seizure to prevent the flight of Japanese capital abroad. The tariff law raised all *ad valorem* duties 35 per cent to balance the depreciation of the yen, and increased specific duties on thirty-seven articles for protective purposes.

83. The purpose was a radical devaluation of the yen as a means of farm relief through decreased debt burden and increased agricultural commodity prices. As passed, however, action upon the bill was discretionary, not mandatory. The Finance Minister, Korekiyo Takahashi, is strongly opposed to currency expansion, and has invoked the right sparingly.

84. *New York Times*, June 14, 1932. The military's hesitancy to intervene decisively in domestic economic issues was strikingly apparent during the special session. At this time the agitation for farm relief, including proposals for a three-year moratorium on farm debts, a government subsidy to aid the farmer in purchasing fertilizers, and a grant of ¥50,000,000 to finance the migration of Japanese farmers to Manchuria and Mongolia, was steadily growing. Korekiyo Takahashi, the Finance Minister, firmly opposed these measures. Despite the focussing of nation-wide attention upon the plight of the farmers, no basic remedial steps were taken. The remote possibility of currency inflation, increased tariffs on agricultural—and most other—items, and futile efforts to nullify the disastrous effects of the silk surplus, constituted the sum total of the government's achievements. (*Ibid.*, June 4, 7, and 8, 1932; also *Osaka Mainichi*, English edition, June 8, 1932.)

85. *New York Times*, August 20, 1932.

86. On September 10 the excess of imports since the first of the year amounted to ¥146,188,000, as compared with ¥77,376,000 for the corresponding period of the previous year. (*Trans-Pacific*, September 15, 1932, p. 19.)

87. On August 29 silk was quoted at 1,100 yen a bale, whereas a month previous it had been 525 yen. (*New York Times*, August 30, 1932; *Trans-Pacific*, September 8, 1932, p. 18.)

88. *New York Times*, September 5, 1932.

89. Prior to September 18, 1931, there had been four overlapping Japanese authorities in Manchuria—the commander of the Kwantung Garrison, the consul-general at Mukden, the governor of the Kwantung Leased Territory, and the president of the South Manchuria Railway. The first of these officials was an army appointee, while the last two were appointed by the party leaders, giving rise not only to administrative confusion but also to internal political strife. Under the new arrangement, the first three of the above offices were concentrated in the hands of General Muto. The change merely ratifies conditions as they have actually existed since September 18, 1931, when the emergency situation automatically made the Kwantung garrison commander the supreme central authority. It should be noted that General Muto, General Araki, and General Mazaki, acting Chief of Staff, now constitute the controlling army triumvirate in Japan. (*New York Times*, August 9, 1932; *New York Herald Tribune*, July 27, 1932; *Trans-Pacific*, August 4, 1932, p. 4; August 18, 1932, p. 4.)

90. For the significance of this right, cf. Dr. S. Washio, *Trans-Pacific*, August 4, 1932, p. 4; September 8, 1932, p. 4; July 28, 1932, p. 4.

91. *New York Times*, September 16, 1932.

CONCLUSION

Since the formation of the Saito Cabinet, changes have occurred in the party alignments of the Diet which may determine the outcome of the next political crisis. In the summer of 1932 Kenzo Adachi succeeded in organizing a new party, the Kokumin Domei (National League), composed of over 30 Diet members drawn from the ranks of the Min-seito. Though Adachi's party has not yet openly declared itself, it tends toward Fascism. Furthermore, the Fascist elements in the Seiyukai, who are now led by Kaku Mori and F. Kuhara, are beginning to challenge Dr. Suzuki's leadership of the party. The supporters of Dr. Suzuki are still inclined, under the influence of Prince Saionji, to adhere to the parliamentary system. In the event of the government's fall, a cabinet led by Baron Hiranuma, with the support of an Adachi-Mori coalition in the Diet, is likely to emerge. Should the Saito government dissolve the Diet and call for a general election, observers believe that the result would strengthen the army influence in the Diet. In either of these cases, parliamentary government would still

be maintained, thus enabling the capitalists to bargain with the army leaders. Under such circumstances, a working compromise between these two dominant forces in Japan might possibly be achieved.

There is reason to believe, however, that the situation in which Japan now finds itself is too serious to be settled by a compromise of this nature. It may become necessary for the army leaders to sweep aside every obstacle that stands in the way of their supreme political control, and institute a drastic socialization of the economic structure. Such socialization would remove the financial obstacles to the success of their program by releasing funds for military expenditure in Manchuria and for emergency relief to the Japanese masses. It would also ensure the rationalization of Japan's economic relations with Manchuria. Should the military leaders overthrow party government and set up a strict Fascist régime, an open clash with the capitalists will be inevitable. Such a clash may well result in a drastic social revolution—a "second restoration."

**Statement of the Ownership, Management, Circulation, Etc.,
Required by the Act of Congress of August 24, 1912 of
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State of New York, County of New York, ss.:

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Raymond Leslie Buell, who, having been duly sworn according to law, deposes and says that he is the Editor of the FOREIGN POLICY REPORTS, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in Section 411, Postal Laws and Regulations, printed on the reverse side of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher—Foreign Policy Association, Incorporated, 18 East 41st Street, New York, N. Y.

Editor—Raymond Leslie Buell, 18 East 41st Street, New York, N. Y.

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2. That the owner is:

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By RAYMOND LESLIE BUELL, Editor.

Sworn to and subscribed before me this 23rd day of September, 1932.

[Seal]

CAROLYN E. MARTIN, Notary Public.
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